

GENERAL TERMS OF PURCHASE

In force from 25 September 2026

1. SCOPE AND PURPOSE

- 1.1. These general terms and conditions of purchase shall apply to all purchase transactions between the Purchaser and the Supplier unless otherwise expressly agreed to in writing. The general terms and conditions of the Supplier shall not apply.
- 1.2. The scope of these general terms and conditions covers the whole business relationship between the Purchaser and the Supplier for the supply of the Products, including the exchange of information prior to the acceptance of these general terms and conditions.

2. DEFINITIONS

- 2.1. **Agreement** means these general conditions of purchase and any other document the Parties have agreed to form as a part of the Purchaser's purchase of the Products.
- 2.2. **Purchaser** means a legal entity that is either HANZA Mechanics Narva AS, HANZA Mechanics Tallinn AS, AS HANZA Mechanics Tartu, HANZA SSC Tartu OÜ and/or HANZA Assembly Pärnu OÜ, and which purchases Products from the Supplier under the Agreement.
- 2.3. **Supplier** means the provider of the Products.
- 2.4. **Product** means any component, material, equipment, software, documentation, or service provided by the Supplier under the Agreement. Products may include standard products and services and custom-made products that are produced based on the Purchaser's specifications and needs.
- 2.5. **Confidential Information** means any business, technical or commercial information or data, including but not limited to information regarding patents, know-how, customers, financials, process information or data, samples, models, specifications, drawings or designs, disclosed by one Party (the disclosing Party) to the other Party (the receiving Party), whether disclosed in writing, orally, electronically or in recorded form, and regardless of whether it is marked as "confidential", "proprietary", or otherwise.
- 2.6. **Business Day** means any day other than Saturday, Sunday or Estonian public holiday and/or a public holiday at the Supplier's place of residence.
- 2.7. **Intellectual Property Rights** mean any intellectual property right of any kind, or application thereof, whether registered or not, including patents, utility models, mask work protections, design rights, copyrights, trademarks, trade and company names, service marks, know-how, trade secrets, and any right or protection of similar nature or having similar effect.
- 2.8. **Party** and **Parties** mean the Supplier or the Purchaser or the Supplier and the Purchaser together.

3. ORDERING PROCEDURE

- 3.1. Before submitting the Purchase Order, the Supplier and the Purchaser may have negotiations regarding the Product specifications and Purchasing terms. This may include requesting the Supplier to go through the First Article Inspection process as described in clause 7. The negotiations before submitting the Purchase Order shall not create any liability or obligation to the Purchaser.
- 3.2. The Purchaser shall submit Purchase Orders for the purchase of Products (hereafter each a **Purchase Order**). Purchase Orders shall be placed in writing or via other electronic means and shall contain at least information on Product name, Product number, quantity of the Products ordered and the price per unit and other information if required based on the specifications of the Products (e.g. Product revision number, drawing number).
- 3.3. The Supplier shall within up to five (5) Business Days (as specified on the Purchase Order) from the receipt of the Purchase Order, either confirm the Purchase Order and thus accepting these general terms of purchase or reject the Purchase Order. In case the Supplier has neither confirmed nor rejected the Purchase Order within said period and still fulfils the Purchase Order

and delivers the Products, the Supplier is deemed to have accepted the Purchase Order and thereby these general terms of purchase by the act of delivery.

- 3.4. By accepting the Purchase Order, the Supplier undertakes to supply all Products in accordance with the specifications agreed to previously between the Supplier and the Purchaser, taking into account any changes explicitly agreed to between Parties at a later date in writing. In case the Supplier wishes to make changes to the Purchase Order, the Supplier must confirm these changes in writing with the Purchaser prior to executing the Purchase Order.
- 3.5. Purchase Orders transmitted via automated electronic systems (including EDI) are intended solely for the operational processing of previously agreed terms and shall not amend, modify or supersede any material terms or specifications, including without limitation prices, materials, drawings, technical specifications, etc. Any amendment to such material terms or specifications must be agreed to separately between the Parties in writing.
- 3.6. The Purchaser has the right to change the part revision number and specifications between Purchase Orders. The Supplier undertakes to supply the Products in accordance with the ordered part revision number and specifications stated in the applicable Purchase Order.
- 3.7. Unless otherwise agreed to in writing, the Purchaser may modify the Purchase Order or always cancel it in full or in part. In the event of modification or cancellation, the Supplier shall be entitled to compensation only for the costs actually incurred in connection with the affected Products that cannot reasonably be avoided or mitigated by the Supplier, including by using or reallocating any materials, components or Products for other purposes. Such compensation shall under no circumstances exceed the price of the Products stated in the Purchase Order. In case of compensation, the Purchaser shall, at its sole discretion, be entitled to require the Supplier to deliver to the Purchaser the materials, components and Products, whether finished or unfinished, to which the compensated costs relate.
- 3.8. In case a Purchase Order is submitted which is lacking information necessary for the fulfilment of the Purchase Order, the Supplier shall immediately notify the Purchaser of the deficiencies. In case of any discrepancies in the Purchase Order and/or between the Purchase Order and the accompanying documentation, the Supplier shall immediately notify the Purchaser of the discrepancies and not fulfil the Purchase Order until they have been resolved.
- 3.9. The Purchaser may provide non-binding informational forecasts to the Supplier for planning purposes. This shall not constitute an obligation to submit Purchase Orders in the volumes reflected in the forecasts.

4. PRICE AND PAYMENT TERMS

- 4.1. Unless otherwise agreed, the prices shall be stated in the Purchase Order. All prices shall be inclusive of any taxes, fees and other charges. Unless otherwise agreed, the price shall be exclusive of VAT, but inclusive of all expenses incurred in connection with the fulfilment of the Suppliers obligations. When applicable, VAT shall be stated separately on the invoice.
- 4.2. No price increase may be made without the prior written approval of the Purchaser.
- 4.3. The Purchaser shall be obligated to pay for the Products based on invoices submitted by the Supplier. Undisputed invoices shall be paid according to the payment terms set forth in the Purchase Order or agreed to separately between Parties.
- 4.4. Invoices shall refer to the number of the relevant Purchase Order and Products in the Purchase Order. Invoices not referring to a Purchase Order shall not be accepted and consequently not paid.
- 4.5. In case the Products are delivered before the agreed delivery date, the Purchaser reserves the right to consider the actual agreed delivery date as the grounds for payment terms.

5. TERMS OF DELIVERY

- 5.1. The delivery shall take place by the delivery date as specified in the Purchase Order or otherwise agreed to between Parties. The terms of delivery shall be according to the Purchase Order and in accordance with Incoterms 2020 as specified in the Purchase Order.

- 5.2. Partial deliveries shall not be accepted unless expressly agreed to otherwise between the Parties in writing.
- 5.3. The title of ownership and the risk of accidental loss or damage of the Products shall pass to the Purchaser on completion of delivery. In case of partial deliveries, this shall apply to any part of the order delivered in accordance with the delivery terms agreed to in the Purchase Order.
- 5.4. In case of late delivery, the Purchaser shall be entitled to remedies that may be available by law or under a separate agreement.

6. CONFORMITY AND QUALITY

- 6.1. The Products shall be provided by the Supplier in compliance with all applicable laws and regulations and the standard of compliance to be achieved by the Supplier shall be the best practice of the relevant industry. All applicable laws and regulations shall include at least the legislation in force at the Supplier's country of residence, all general EU laws and regulations and sector-specific requirements in place in the Supplier's sector.
- 6.2. In addition to the obligation set forth in Clause 6.1, the Products shall be compliant with:
 - 6.2.1. REACH (1907/2006, incl. SCIP), Conflict Minerals EU (2017/821) and any other applicable material compliance requirements and/or regulations of which the Supplier has been made aware of by the Purchaser;
 - 6.2.2. any and all international sanctions laws and regulations applicable to the Purchaser and/or to the Supplier, including but not limited to EU Regulations 765/2006 and 833/2014.
- 6.3. All Products shall be supplied in accordance with the specifications agreed to between the Parties, taking into account any changes explicitly agreed to between the Parties in writing at a later date. The Supplier shall not make any changes to the Product that would deviate from the specifications the Parties have agreed to.
- 6.4. The Supplier shall have Product traceability procedures in place that are consistent with industry standards and ensure that the defective products window can be determined as precisely as possible.
- 6.5. The Supplier shall immediately inform the Purchaser in writing of any actual or potential non-conformity, quality issue, delay or risk that may affect the Product or its delivery time.
- 6.6. In case the Supplier is supplying drawing-based products (i.e. products that are produced and/or supplied according to the specifications provided by the Purchaser), the Supplier is obligated to inform the Purchaser in writing of any major process changes (i.e. any major process changes that may cause risk to the Product meeting the agreed specifications) at least six (6) months prior to the change, including but not limited to changes to the location of production, changes to the tools used to produce the Products, etc.

7. FIRST ARTICLE INSPECTION

- 7.1. The Purchaser is allowed at their own discretion to ask the Supplier to conduct a test production of Products and supply a document of first article inspection (hereafter: **FAI**). The purpose of the FAI document is to ensure that the Supplier is capable of serial manufacturing the Products in accordance with all requirements and specifications provided to the Supplier.
- 7.2. Any record documents, sample products, etc. produced in connection with the FAI are provided solely for the purposes of assessing the Supplier's production capabilities. Such materials are not binding and shall not be deemed to demonstrate or establish upfront compliance with any subsequently delivered Products, unless otherwise agreed to in writing.
- 7.3. Any feedback provided by the Purchaser during the sample or FAI process, including but not limited to feedback on measurement data, sample quality or conformity with the drawings are provided solely for the purposes of facilitating the sampling process. Such feedback shall not be construed as approval of the Supplier's inspection methods, as confirmation of conformity nor as a waiver of any rights or remedies. The Purchaser's feedback or approval of any sample shall not limit or reduce the Supplier's liability for non-conforming Products.

8. WARRANTY

- 8.1. The Supplier warrants that the Products delivered under the Purchase Order shall, for a period of twenty-four (24) months from the date of delivery conform in all respects to the specifications agreed to between the Parties in the Purchase Order or separately in writing, be free from defects, comply with all applicable statutory requirements and regulations and include all necessary documentation for the entire lifetime of the Product, unless otherwise agreed to between Parties in writing.
- 8.2. The warranty shall also apply to an epidemic non-conformity. An epidemic non-conformity shall mean a situation where the same or substantially similar defect occurs repeatedly and systematically in multiple units, batches, or deliveries, indicating a common root cause and not an isolated incident. In case of an epidemic non-conformity, all Products affected by the epidemic non-conformity shall be covered under the warranty.
- 8.3. In case of any non-conformity or defect in the Products during the warranty period, the Purchaser shall be entitled to either repair or replacement of the affected Products or a full refund of the purchase price for the affected Products, at the Purchaser's sole discretion and the Supplier's cost. Additionally, the Supplier shall be obliged to reimburse to the Purchaser any damages that have been incurred directly or indirectly due to the non-conforming Product.
- 8.4. The conditions of the Supplier's liability for non-conformity set forth in Clause 9.2 shall apply to liability under warranty.

9. LIABILITY

- 9.1. The Purchaser shall not be obligated to review the delivered Product at the time of the delivery to determine whether the Supplier has deviated from the agreed specifications. The Purchaser shall operate based on the assumption that all delivered Products are in compliance with the Purchase Order and the agreed specifications. The Purchaser's non-inspection shall not constitute an acceptance of the Products and shall not limit the Supplier's liability.
- 9.2. The Supplier's liability for non-conformity shall remain fully applicable notwithstanding any cutting, processing, transformation, assembly, incorporation or other modification of the Products performed by Purchaser in the ordinary course of Purchaser's manufacturing operations and in accordance with the intended use of the Products. Supplier shall remain liable for any defect, non-conformity or latent defect that becomes apparent only during or after such processing or incorporation of the Products, provided that the non-conformity existed prior to or at the time of the delivery. Supplier may not reject or limit a warranty claim solely on the grounds that the Products have been processed, modified or incorporated into other products.
- 9.3. The Purchaser shall notify the Supplier of any non-conformity within a reasonable time after the non-conformity is detected. The detection time of a non-conformity depends on the characteristics of the specific Product and the non-conformity and can be separate from the time of delivery (i.e. time of assembly, time of incorporation, etc.).
- 9.4. The Products shall be inspected upon delivery by the Purchaser in accordance with standard ISO 2859-1 in force at the time of inspection, General Inspection Level I, with an Acceptance Quality Limit (AQL) of 0.65. In case the number of non-conforming Products exceeds the applicable acceptance number (Ac) specified in the standard, the Purchaser has the right to reject the whole lot and at its sole discretion, require replacement of the Products. For the avoidance of doubt, such inspection is an initial incoming inspection intended to identify any epidemic non-conformities and shall not limit the Purchaser's rights or remedies in respect of non-conformities subsequently discovered under these terms and conditions.
- 9.5. In case of a reclamation, the Supplier shall, upon Purchaser's request, provide a root cause analysis and a corrective action plan in the form of an 8D report. The report shall contain sufficient information to identify the root cause of the non-conformity, the corrective actions implemented and the measures taken to prevent recurrence.
- 9.6. The Supplier shall be fully liable for any direct damages, losses or costs incurred by the Purchaser as a result of non-conforming or defective Products. Such damages include, but are not limited to costs for sorting, rework, replacement, production downtime and administrative handling. The damages shall also include any damages caused to the products manufactured by the Purchaser by the non-conforming or defective Products. The Supplier shall, upon written substantiation of such costs by the Purchaser, compensate the Purchaser without undue delay.

- 9.7. The Purchaser shall be entitled to remedies that may be available by law or under a separate agreement.
- 9.8. The Supplier shall indemnify and defend the Purchaser against any and all losses, actions, costs, claims, demands, expenses and liabilities in relation to the failure of the Supplier to supply the Products which conform with all applicable legislation, the provisions of insufficient and/or inaccurate and/or incomplete information by the Supplier, the failure of the Supplier to provide adequate written notice of any change in specifications or other requirements stated on the Purchase Order, and any third party claims arising from infringement of intellectual property rights or from personal injury, death or damage to property caused by a Product.
- 9.9. By accepting these terms of purchase, the parties agree that any claims arising out of or in connection with this Agreement shall be subject to a limitation period of five (5) years.

10. FORCE MAJEURE

- 10.1. Each Party is exempt from fulfilling their obligations under the Agreement if prevented by a force majeure event beyond its control, which could not reasonably have been foreseen or avoided. Such events include, but are not limited to, war, civil unrest, governmental actions, new or amended legislation, natural disasters (such as floods, earthquakes or storms), fire, explosion, pandemics and labour disputes.
- 10.2. The affected Party shall promptly notify the other Party of a Force Majeure event. Failure to do so voids the exemption.
- 10.3. Once the Force Majeure event ends, the affected Party shall immediately continue to fulfil their obligations under the Agreement.

11. CONFIDENTIALITY

- 11.1. The Parties agree to protect and hold in confidence all Confidential Information received from the other Party with the same degree of care that it exercises with respect to its own Confidential Information.
- 11.2. The receiving party undertakes to keep Confidential Information confidential and not to disclose such in whole or in part to a third party without written permission from the disclosing party and to restrict access to Confidential Information to those of its employees who have a need to know the same when executing the Agreement.
- 11.3. The duty of confidentiality does not apply to Confidential Information which the receiving Party can prove, that (i) at the time of disclosure was in the public domain or comes into the public domain other than through a breach of this Agreement by the receiving Party; (ii) was known by the receiving Party before disclosure the disclosing Party; (iii) has been lawfully disclosed to the receiving Party by a third party not bound by a confidentiality obligation; and (iv) the receiving Party is obligated to disclose such information under mandatory law, rules or regulations or required by a court order or similar legal process.

12. GOVERNING LAW, DISPUTE RESOLUTION AND MISCELLANEOUS

- 12.1. This Agreement shall be governed by the substantive laws of the Republic of Estonia. The United Nations Convention for the International Sale of Goods (CISG) of 11 April 1980 shall not be applicable.
- 12.2. Any dispute, controversy or claim arising out of or in connection with the Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Court of Arbitration of the Estonian Chamber of Commerce and Industry. The arbitral tribunal shall be composed of three (3) arbitrators. The arbitration language shall be English.
- 12.3. For the purposes of this Agreement, any declaration of intent to be made "in writing" shall include and be satisfied by email communication and shall not require handwritten, electronic or digital signature.
- 12.4. If any part of this Agreement is found to be illegal, invalid or unenforceable by operation of law or otherwise, it shall not affect the validity and applicability of any other part of this Agreement.